

MEMORANDUM FOR: General Cushman

WJ

Colonel White believes you will be interested in the attached memorandum regarding the meeting he and Ed Proctor had with Jim Schlesinger on 5 May.

Barbara
17 May 71
(DATE)

FORM NO. 101 REPLACES FORM 10-101
1 AUG 54 WHICH MAY BE USED.

(47)

7 May 1971

MEMORANDUM FOR THE RECORD

SUBJECT: Conversation with Jim Schlesinger on "A Review of the Intelligence Community"

1. On 5 May 1971 at the Director's request, Ed Proctor and I met with Jim Schlesinger in his office at OMB. Our meeting lasted for two and one-quarter hours. It was a very friendly and candid discussion. This is an attempt to summarize briefly some of the significant points covered.

2. First, the dialogue between Ed Proctor and Jim Schlesinger on production went extremely well, and they seemed to be in almost, if not complete, agreement. Schlesinger is definitely an advocate for production. It is clear that he would be willing to see more resources used in the production effort. While critical of some of our products, in general he personally believes the product is quite good. He also believes in competing analytical centers, and it is my conclusion that he thinks there is currently no unnecessary duplication in this field. He pointed out, however, that this is his personal opinion and might well not be shared by the White House.

3. We reported to Schlesinger that the Director had shared his paper with the Deputies and one or two others over the weekend and that he had spent a good deal of time discussing it as well as the general problem of better coordination of the intelligence community. We pointed out that there was no disagreement with the comments the Director had made to him earlier, which are summarized in the attached paper.

4. We then discussed the impossibility of having the Director exercise very much control over what is done in the unified and specified commands. He could of course review the totality of the intelligence community budget, but on the other hand, he could exercise very little influence over its administration once the resources were allocated. We said we thought it important to sort out within the total budget the part of it on which the Director should really be expected to

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weigh in heavily in making resource decisions as opposed to that part which he could not really be expected to do very much about. Schlesinger seemed to accept this admittedly rather broad principle and to appreciate fully that this had to be done.

5. The one problem on which Schlesinger seems hung up is his failure to understand how the Director can be a completely objective and unbiased coordinator when he is in fact a competitor for the resources. He went on to explain that the Clandestine Service is not really the problem. The problem is really DD/S&T. He was candid in saying that there has been a tremendous improvement over the situation which existed when Bud Wheelon was DD/S&T. At the same time, he said that, when the Director goes to the ExCom, he appears to the outside world to be an advocate for only one system--and that is always the system which DD/S&T advocates. It is always the system in competition with some other system advocated by somebody else in the community. He also alleged that all the information is held very tightly within CIA and that we in fact have a virtual monopoly on it. He was emphatic that neither OMB, the Defense Department, nor anyone else knows very much about the programs which we are advocating until they are well down the road. He cited [] as an example and quickly admitted that in this case CIA was right and everybody else in the community was wrong. He gave EOI as another example to support his contention.

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[] This interplay fosters the inclusion of characteristics that are valuable and deemphasizes those that may be too costly or unnecessary. This is far less the case for systems developed by DOD. Schlesinger said he has always insisted on close relationships between developers of weapon systems and the intended "battlefield" user. He now recognized that what had been said was an extension of this principle to intelligence, and he noted this concept on a piece of paper.

6. Schlesinger referred to [] as a complete disaster. It is his contention that we never did convince the Defense Department and others that we should proceed with [] but that we got so far down the road with it before anyone caught up with us that everybody finally said, "Well, it just isn't worth the fight," and let it go.

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He firmly believes that we deliberately shut off all attempts to improve CORONA to make sure it would not compete with [redacted] He suggested that it might be interesting to do a post-mortem or history of the whole [redacted] project. I said this might be advisable but that I think it should not be done [redacted]

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[redacted] He agreed that psychologically this would be a very bad time.

7. We returned more than once to the discussion of why we think it would be inadvisable to separate the Director and the production units from the rest of the Agency, either physically or organizationally. Ed and I attempted to explain the Director's highly personalized style of management and what we believe to be his strong feeling that he would soon become highly ineffective under this arrangement. I think we gave Schlesinger a good deal to think about on this score, but I doubt we were successful in turning him around.

8. Some of our time was also spent discussing the Defense Department. It is obvious that he believes there should be a Director of Defense Intelligence. He thinks an Assistant Secretary will not be effective because there are too many other Assistant Secretaries and flag-rank officers who can run his end. I think we also agreed that, if the Defense Department does go the Assistant Secretary route, it will require a good deal of time on the part of the second Deputy Secretary of Defense in order to prevent this from happening. I think we also agreed that the reason NRO worked was because Mr. Packard, who controlled the resources, chaired the ExCom and nobody was in a position to run his end.

9. Throughout the discussion Schlesinger seemed well disposed toward the Agency, and on several occasions he was complimentary of the high-quality personnel he has found in CIA and, in general, of the product we turn out.

[redacted]

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L. K. White

Executive Director-Comptroller

Attachment

Comments on "A Review of the Intelligence Community"

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ExDir:LKW:jrf

Distribution:

- ✓ Copy 1 - ExDir w/cy 12 of att
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Note: Another copy made for DDI (Proctor)
on 6 Dec 72.

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COMMENTS ON "A REVIEW OF THE INTELLIGENCE COMMUNITY"

1. The Review raises, on behalf of the President, a valid basis for examining the intelligence community, with the objectives of improving the overall quality of intelligence products and reducing the community's size and cost. While there may be differences of opinion as to the causes of, and solutions to, the problems the Review describes, it is worth our most serious consideration to see what we can do to bring about the desired improvements.

2. The principal thrust of the Review deals with resource control and management, and it is here that the most significant improvements can be made. The law, Presidential letters, and other directives have been silent as to the role the Director of Central Intelligence was to play in resource management. Lacking clear direction toward a stronger position regarding resource requirements and allocation, the evaluation of their effectiveness, the selection of new systems, and the phasing out of the old, the Director has had little basis to balance his coordinating authority over substance with a comparable authority over resources. The Review quite properly recognizes that nearly eighty-five percent of the total resources are funded and controlled by the Secretary of Defense. The Department of Defense must therefore be very heavily involved in any changes directed toward improvement in resource management and control.

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3. The Secretary of Defense has made a good beginning in making the Assistant Secretary of Defense for Administration also responsible for coordinating intelligence. In his posture statement of 9 March 1971, the Secretary of Defense recommended the creation of a second Deputy Secretary and two additional Assistant Secretaries of Defense to enhance civilian supervisory management of the Department. An Assistant Secretary devoting his full time to Department of Defense intelligence activities and reporting to one of the two Deputy Secretaries would seem to be a considerable improvement over the present arrangement. This is probably enough legislation to ask for at this time. In fact, the kind of legislation which would be required under either Option I or II of the Review could well lead to a wrangle in the Congress which might in the end emasculate the intelligence effort. There are other drawbacks to Options I and II, but these alone are enough to rule them out as realistic solutions. And the Review itself seems to recognize that Option III has enough built-in problems to minimize its chances of being very effective. It follows that some variant of these three Options which could be accomplished under existing Presidential authority and without legislation, offers the greatest hope of accomplishing the President's objectives.

4. Given the wide deployment of resources, disparate interests, and jurisdictional boundaries within the community, it is very doubtful

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that the Director of Central Intelligence can command the entire community. He should, however, under an appropriate mandate be able to coordinate it effectively.

5. If the President desires that the DCI coordinate the resources of the intelligence community, this could be done through a Presidential or National Security Council directive to the DCI, the Secretary of Defense, and the Secretary of State. Such a directive would as a minimum need to provide for DCI coordination of programs, budget preparation, and final review before submission to the President. It would also need to provide for continuous program review and coordination of budget administration. Results would depend in large part on the cooperation of the Secretary of Defense and the Secretary of State and, more importantly, on strong Presidential support.

6. The product will never be as good as we would like it to be. It should, however, be as good as we can make it. The Review deals with the possibility of separating production units of CIA from the collectors in order to ensure objectivity. This would be a great mistake. It is administratively quite simple to ensure that the collector is not also the evaluator of the information he collects. The fact that the production components usually have collateral from other, and sometimes several, sources also minimizes this risk. In any case, to disembody the Central

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Intelligence Agency and leave the Director of Central Intelligence without command of, and intimate association with, those units upon which he must depend to support production would take away what control he now has of the intelligence process. The resultant deterioration of the process and the product is predictable. It simply isn't viable.

7. Some mechanism to bring the consumer closer to the producer is much to be desired, and the Review's suggestion that this might be done through a high-level consumer council has much to commend it.

8. If the President should direct that the Director of Central Intelligence assume responsibility for coordinating the resources of the intelligence community in line with the suggestion made herein, it would be necessary for the Director to delegate more of his day-to-day management responsibilities for the Central Intelligence Agency, which is perfectly feasible.

~~Approved For Release 2003/08/18 : CIA-RDP86B00269R000400070003-7~~

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